

CLEVELAND PUBLIC LIBRARY  
BUSINESS INF. BUREAU  
CORPORATION FILE

THE  
ANNUAL REPORT  
OF  
CROWLEY, MILNER AND COMPANY

YEAR ENDED  
JANUARY 31, 1954

GRATIOT, FARMER, LIBRARY AND MONROE STREETS  
DETROIT 26, MICHIGAN



## BOARD OF DIRECTORS

DANIEL J. CROWLEY

MRS. JENNIE E. CROWLEY

JAMES H. CHAMBERLAIN

EDWARD H. GRAHAM

JOHN T. HIGGINS

ELROY O. JONES

STEWART E. McLAREN

JAY D. RUNKLE

W. TOM ZURSCHMIEDE

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## OFFICERS

### *President*

DANIEL J. CROWLEY

### *Vice President and General Manager*

JAY D. RUNKLE

### *Secretary and Treasurer*

JAMES H. CHAMBERLAIN

### *Assistant Secretary*

WILLIS B. MANCHESTER

### *Assistant Treasurer*

LEO G. COLE

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### *Transfer Agent*

DETROIT TRUST COMPANY  
DETROIT, MICHIGAN

### *Registrar—Common Stock*

MANUFACTURERS NATIONAL BANK  
DETROIT, MICHIGAN

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### *Counsel*

DYKEMA, JONES & WHEAT  
DETROIT, MICHIGAN

### *Auditors*

ERNST & ERNST  
DETROIT, MICHIGAN

# CROWLEY, MILNER AND COMPANY

DETROIT 26, MICHIGAN

March 26, 1954

## TO OUR STOCKHOLDERS:

The annual financial report of Crowley, Milner and Company for the year ended January 31, 1954, is presented herewith:

| OPERATING RESULTS                                                      | Year Ended January 31 |              |
|------------------------------------------------------------------------|-----------------------|--------------|
|                                                                        | 1954                  | 1953         |
| Net Sales.....                                                         | \$28,212,091          | \$25,992,135 |
| Profit before Federal Income Taxes.....                                | 802,072               | 669,215      |
| Federal Income Taxes.....                                              | 435,000               | 348,000      |
| Net Profit.....                                                        | 367,072               | 321,215      |
| Dividends Paid.....                                                    | 101,830               | 101,830      |
| Number of shares of Common Stock outstanding.....                      | 339,433               | 339,433      |
| Net Profit per share of Common Stock.....                              | \$1.08                | \$0.95       |
| Dividends per share of Common Stock.....                               | .30                   | .30          |
| Net Assets (Book Value) per share of Common Stock.....                 | 21.01                 | 20.23        |
| Net Amount of Inventory reduction due to Lifo method of valuation..... | 72,990                | 93,675       |
| Provision for depreciation.....                                        | 184,098               | 187,737      |
| Ratio of Current Assets to Current Liabilities.....                    | 3.12 to 1             | 3.11 to 1    |

Net sales for the current year increased 8.5% which compares with an increase of 7.4% for the previous year. In each of the past two years, the Federal Reserve Bank has reported sales increases of 2% for Detroit department stores.

The following summary shows that working capital decreased \$80,499 during the past year:

|                          | Jan. 31, 1954      | Jan. 31, 1953      | Decrease         |
|--------------------------|--------------------|--------------------|------------------|
| Current Assets.....      | \$9,168,570        | \$9,294,984        | \$126,414        |
| Current Liabilities..... | 2,942,835          | 2,988,750          | 45,915           |
| Working Capital.....     | <u>\$6,225,735</u> | <u>\$6,306,234</u> | <u>\$ 80,499</u> |

The decrease in working capital resulted from the following:

### Deductions:

|                                                 |              |                  |
|-------------------------------------------------|--------------|------------------|
| Investment in Monroe-Randolph Parking, Inc..... | \$ 350,000   |                  |
| Payments on long-term debt.....                 | 107,500      |                  |
| Dividends paid.....                             | 101,830      |                  |
| Purchase of fixtures and equipment.....         | 73,478       |                  |
| Increase in prepaid expenses.....               | <u>2,042</u> | <u>\$634,850</u> |

### Additions:

|                                       |              |                |
|---------------------------------------|--------------|----------------|
| Net Profit for the year.....          | \$ 367,072   |                |
| Add provision for depreciation.....   | 184,098      |                |
| Decrease in miscellaneous assets..... | <u>3,181</u> | <u>554,351</u> |

|                                  |  |                  |
|----------------------------------|--|------------------|
| Decrease in working capital..... |  | <u>\$ 80,499</u> |
|----------------------------------|--|------------------|

## PARKING FACILITY

The Monroe-Randolph Parking, Inc. was organized during the year by Crowley, Milner and Company and the J. L. Hudson Company for the purpose of constructing and operating a four-story multiple deck shoppers' parking garage. Land at the corner of Monroe and Randolph Streets has been acquired by the parking company for the garage. This location is directly across the street from our store on the Monroe Street side. We invested \$350,000 in cash in the parking company and Hudson's contributed a like amount in cash and land for which we each received equal amounts of stock and debentures of the new company.

The parking company has also obtained an insurance company commitment for a 20-year loan for the purpose of constructing the building. The parking garage will have spaces for approximately 550 cars. The first floor will be used for retail stores and an automobile entrance and exit. Parking will be in the basement and upper floors and roof. Construction is expected to start this Spring.

## ACCOUNTS RECEIVABLE

A summary of outstanding customers' accounts follows:

| TYPE OF ACCOUNT                                             | Jan. 31, 1954      | Jan. 31, 1953      |
|-------------------------------------------------------------|--------------------|--------------------|
| Thirty-day charge accounts.....                             | \$1,553,824        | \$1,368,453        |
| Deferred payment accounts (Maximum term 24 months).....     | 1,625,257          | 1,397,626          |
| Weekly payment accounts (Maximum term 20 weeks).....        | 1,064,869          | 999,727            |
| C.O.D., Will call, Debit balances against vendors, etc..... | 283,197            | 333,008            |
|                                                             | <u>\$4,527,147</u> | <u>\$4,098,814</u> |
| Less allowance for doubtful accounts.....                   | 125,000            | 125,000            |
|                                                             | <u>\$4,402,147</u> | <u>\$3,973,814</u> |

Losses from uncollectible accounts amounted to \$67,884 for the current year as compared to \$63,228 for the previous year.

## INVENTORY

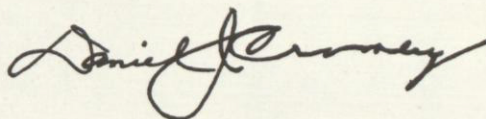
Our analysis of the age of merchandise on hand shows that only 2.69% consisted of merchandise over one year old which compares with 3.54% for last year. Inventory turnover based upon total average monthly retail inventories was 4.0 times as compared to 4.2 times for the previous year.

## PROPERTY ACCOUNTS

Additions to property accounts for the year amounted to \$73,478 as compared to \$58,949 for the previous year and consisted principally of store fixtures. The Company's program of improving the interior of the store continued. During the year the second and fourth floors of the Main Building were repainted, recarpeted and a considerable amount of new fixtures installed.

On behalf of the Board of Directors, I again wish to express our sincere appreciation to all those employees, suppliers and stockholders who contributed to our continued progress during the past year.

Very truly yours,



President

# BALANCE SHEET

## CROWLEY, MILNE & COMPANY

### ASSETS

|                                                                                                                                                                                                                                     | <u>JAN. 31, 1954</u>       | <u>JAN. 31, 1953</u>       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| <b>CURRENT ASSETS</b>                                                                                                                                                                                                               |                            |                            |
| Cash.....                                                                                                                                                                                                                           | \$ 622,916                 | \$ 650,711                 |
| United States Government securities—at cost and accrued interest (approximately market).....                                                                                                                                        | 209,700                    | 1,016,008                  |
| Trade accounts receivable (including installment accounts), less allowance of \$125,000 for doubtful accounts.....                                                                                                                  | 4,402,147                  | 3,973,814                  |
| Inventories on hand and in transit—at cost determined on a last-in, first-out basis by the retail inventory method, less allowance of \$125,000 at January 31, 1954, and \$100,000 at January 31, 1953, for purchase discounts..... | <u>3,933,807</u>           | <u>3,654,451</u>           |
| <b>TOTAL CURRENT ASSETS.....</b>                                                                                                                                                                                                    | <b>\$ 9,168,570</b>        | <b>\$ 9,294,984</b>        |
| <br><b>PROPERTY, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS—at cost</b>                                                                                                                                                                  |                            |                            |
| Land and buildings owned.....                                                                                                                                                                                                       | \$ 934,310                 | \$ 934,310                 |
| Buildings and improvements on leased land.....                                                                                                                                                                                      | 4,458,350                  | 4,938,823                  |
| Furniture, fixtures, and equipment.....                                                                                                                                                                                             | <u>1,237,883</u>           | <u>1,273,133</u>           |
|                                                                                                                                                                                                                                     | \$ 6,630,543               | \$ 7,146,266               |
| Less accumulated provisions for depreciation and amortization.....                                                                                                                                                                  | <u>4,683,688</u>           | <u>5,088,791</u>           |
| <b>TOTAL PROPERTIES—NET.....</b>                                                                                                                                                                                                    | <b>\$ 1,946,855</b>        | <b>\$ 2,057,475</b>        |
| <br>INVESTMENT IN PARKING FACILITY—at cost.....                                                                                                                                                                                     | <br>350,000                | <br>—0—                    |
| <br>MISCELLANEOUS ASSETS.....                                                                                                                                                                                                       | <br>31,454                 | <br>34,635                 |
| <br>LEASEHOLDS AND GOOD WILL.....                                                                                                                                                                                                   | <br>1                      | <br>1                      |
| <br><b>PREPAID EXPENSES</b>                                                                                                                                                                                                         |                            |                            |
| Supply inventory, insurance, and other prepaid expenses.....                                                                                                                                                                        | <u>201,048</u>             | <u>199,006</u>             |
|                                                                                                                                                                                                                                     | <u><u>\$11,697,928</u></u> | <u><u>\$11,586,101</u></u> |

# SHEETS

## R AND COMPANY

### LIABILITIES

JAN. 31, 1954    JAN. 31, 1953

#### CURRENT LIABILITIES

|                                           |                |                |
|-------------------------------------------|----------------|----------------|
| Notes payable to bank.....                | \$ 250,000     | \$ 250,000     |
| Trade accounts payable.....               | 1,334,886      | 1,537,574      |
| Pay rolls and pay roll deductions.....    | 345,455        | 298,823        |
| Accrued property taxes.....               | 355,760        | 342,834        |
| Miscellaneous taxes.....                  | 81,189         | 76,619         |
| Federal taxes on income—estimated.....    | 468,045        | 375,400        |
| Current maturities on long-term debt..... | <u>107,500</u> | <u>107,500</u> |
| TOTAL CURRENT LIABILITIES.....            | \$ 2,942,835   | \$ 2,988,750   |

#### LONG-TERM DEBT

|                                                                                |                |                |
|--------------------------------------------------------------------------------|----------------|----------------|
| Notes payable to bank and insurance company—due \$100,000 annually—Note A..... | \$ 1,700,000   | \$ 1,800,000   |
| Other note payable—due \$7,500 annually.....                                   | <u>30,000</u>  | <u>37,500</u>  |
|                                                                                | \$ 1,730,000   | \$ 1,837,500   |
| Current maturities included above.....                                         | <u>107,500</u> | <u>107,500</u> |
| TOTAL LONG-TERM DEBT.....                                                      | \$ 1,622,500   | \$ 1,730,000   |

#### CAPITAL STOCK AND SURPLUS

|                                                |                  |                  |
|------------------------------------------------|------------------|------------------|
| Common Stock, par value \$1 per share:         |                  |                  |
| Authorized and issued—352,250 shares           |                  |                  |
| In treasury                    12,817 shares   |                  |                  |
| Outstanding                339,433 shares..... | \$ 339,433       | \$ 339,433       |
| Capital surplus.....                           | 2,410,247        | 2,410,247        |
| Earned surplus—Note A.....                     | <u>4,382,913</u> | <u>4,117,671</u> |
| TOTAL CAPITAL STOCK AND SURPLUS.....           | \$ 7,132,593     | \$ 6,867,351     |

#### LONG-TERM LEASE COMMITMENTS—Note B

\$11,697,928    \$11,586,101

See notes to financial statements.

# STATEMENT OF PROFIT AND LOSS

## CROWLEY, MILNER AND COMPANY

|                                                                                          | <u>YEAR ENDED JANUARY 31</u> |                     |
|------------------------------------------------------------------------------------------|------------------------------|---------------------|
|                                                                                          | <u>1954</u>                  | <u>1953</u>         |
| Net sales (including sales of leased departments).....                                   | \$28,212,091                 | \$25,992,135        |
| Costs and expenses:                                                                      |                              |                     |
| Cost of merchandise sold, workroom costs, and buying and occupancy expenses.....         | \$21,345,728                 | \$19,861,741        |
| Publicity, selling, and administrative expenses, less deferred-payment-account fees..... | 6,000,515                    | 5,394,533           |
| Provision for loss on bad accounts, less recoveries.....                                 | 67,884                       | 63,228              |
|                                                                                          | <u>\$27,414,127</u>          | <u>\$25,319,502</u> |
| OPERATING PROFIT.....                                                                    | \$ 797,964                   | \$ 672,633          |
| Other income:                                                                            |                              |                     |
| Interest earned on United States Government securities.....                              | \$ 14,153                    | \$ 18,984           |
| Income from property not used in operations, less expenses.....                          | 22,063                       | 19,492              |
| Miscellaneous income.....                                                                | 39,963                       | 30,476              |
| TOTAL OTHER INCOME.....                                                                  | <u>\$ 76,179</u>             | <u>\$ 68,952</u>    |
|                                                                                          | \$ 874,143                   | \$ 741,585          |
| Other deductions:                                                                        |                              |                     |
| Interest expense.....                                                                    | \$ 68,905                    | \$ 70,432           |
| Miscellaneous deductions.....                                                            | 3,166                        | 1,938               |
| TOTAL OTHER DEDUCTIONS.....                                                              | <u>\$ 72,071</u>             | <u>\$ 72,370</u>    |
| PROFIT BEFORE TAXES ON INCOME.....                                                       | \$ 802,072                   | \$ 669,215          |
| Federal taxes on income (no excess profits tax)—estimated.....                           | 435,000                      | 348,000             |
| NET PROFIT.....                                                                          | <u>\$ 367,072</u>            | <u>\$ 321,215</u>   |

Provision for depreciation of buildings and equipment and amortization of leasehold improvements amounted to \$184,098 for 1954 and \$187,737 for 1953.

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## STATEMENT OF EARNED SURPLUS

### CROWLEY, MILNER AND COMPANY

|                                                                 | YEAR ENDED JANUARY 31 |                    |
|-----------------------------------------------------------------|-----------------------|--------------------|
|                                                                 | 1954                  | 1953               |
| Balance at beginning of year.....                               | \$4,117,671           | \$3,898,286        |
| Net profit for the year.....                                    | 367,072               | 321,215            |
|                                                                 | <u>\$4,484,743</u>    | <u>\$4,219,501</u> |
| Cash dividends on Common Stock—\$0.30 a share in each year..... | 101,830               | 101,830            |
| Balance at end of year.....                                     | <u>\$4,382,913</u>    | <u>\$4,117,671</u> |

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## NOTES TO FINANCIAL STATEMENTS

January 31, 1954

Note A—In connection with long-term notes payable to bank and insurance company, the Company is required to make annual payments of \$100,000 on June 1st of each year until June 1, 1965, when any unpaid balance is due. Among other covenants of the loan agreements, the Company has agreed that it will not permit working capital to be less than \$3,750,000 and has agreed to other restrictions on the payment of dividends, the general effect of which is that cash dividends and any purchases of Common Stock after January 31, 1950, will be limited to an amount which does not exceed 70% of net profits after that date. At January 31, 1954, earned surplus in the amount of \$714,566 was free of such restrictions.

Note B—The leases covering the Company's store premises expire June 30, 1976, and require rental payments on a percentage-of-sales basis (plus payment of real estate taxes), with a minimum annual rental of \$411,958. The leases require restoration of the dividing walls between the several leased buildings upon expiration of the leases. The cost of such restoration has not been provided for in the financial statements.

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## ACCOUNTANTS' REPORT

Board of Directors,  
Crowley, Milner and Company,  
Detroit, Michigan.

We have examined the balance sheet of Crowley, Milner and Company as of January 31, 1954, and the related statements of profit and loss and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of profit and loss and earned surplus present fairly the financial position of Crowley, Milner and Company at January 31, 1954, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST  
Certified Public Accountants

Detroit, Michigan  
March 22, 1954

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